

HAPPY THANKSGIVING!

TEXAS DEPARTMENT OF TRANSPORTATION

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House T&I Committee Introduces TEA-LU

Reauthorization Bill Calls for \$375 Billion in Funding; Promises 95% MG by FY 2009

In This Issue:

- ♦ TEA-LU Introduced
- ♦ FAA Authorization Passed
- ♦ FY 2004 Spending In Limbo

The U.S. House Transportation and Infrastructure (T&I) Committee leaders unveiled at a November 19 press conference a six-year, **\$375 billion** TEA 21 reauthorization bill (HR 3550), which is purported to ramp up states' **Minimum Guarantee** from 90.5 percent to 95 percent by FY 2009. House Committee leaders claim their bill will increase federal funding for **highway projects to \$298 billion and transit funding to \$69.2 billion**, compared to enacted TEA 21 levels providing \$174 billion for highway projects and \$41 billion for transit projects. Committee leaders hoped to report the bill in committee by early February 2004. The current TEA 21 extension authority expires on February 29, 2004.

H.R. 3550, called the Transportation Equity Act—Legacy for Users or TEA-LU, would provide \$128 billion more than the Bush Administration's recommended level in SAFETEA. However, the bill does not specify how these significant increases in federal funding would be financed. The committee's bill summary assumes that the proposal to eliminate the current ethanol tax exemption (thereby directing more revenues to the Highway Trust Fund) will be accomplished in this bill. In addition, **T&I Committee Chairman Don Young** (R - Alaska) reaffirmed his desire to increase the gas tax. The Revenue Title is under the jurisdiction of the House Ways and Means Committee.

TEXAS Funding under TEA-LU. According to the bill summary provided at the committee press event, highway apportionments to Texas for federal Fiscal Years 2004-2009 would total \$18.71 billion. For comparison, Texas received a total of \$12.64 billion in highway funding under TEA-21 and would receive a proposed \$14.02 billion under the Bush Administration's SAFETEA. Texas transit apportionments under TEA-LU would total \$2.25 billion. Texas received a total of \$1.1 billion in transit funding under TEA 21 and would receive a proposed \$1.65 billion under the Bush Administration's SAFETEA.

Texas Highway Funding under TEA-LU

FY 2004	\$2.38 billion
FY 2005	\$2.68 billion
FY 2006	\$2.97 billion
FY 2007	\$3.29 billion
FY 2008	\$3.53 billion
FY 2009	\$3.86 billion

Texas Transit Funding under TEA-LU

FY 2004	\$264 million
FY 2005	\$314 million
FY 2006	\$354 million
FY 2007	\$397 million
FY 2008	\$438 million
FY 2009	\$484 million

TEA-LU Promises 95% Minimum Guarantee by FY 2009. Like the Senate Environment and Public Works Committee's SAFETEA proposal (S. 1072) marked up by the committee on November 12, 2003, TEA-LU would establish a stepped up Minimum Guarantee formula, promising that all states' minimum rate of return on certain highway program distributions would reach 95 percent by FY 2009, the last year of the proposed six-year authorization legislation. Unlike the EPW bill, however, TEA-LU actually contains legislative language showing how this ramped-up Minimum Guarantee calculation would work. The SHARE donor states alliance is currently analyzing the TEA-LU Minimum Guarantee provision to determine how it affects each state's rate of return and whether the bill lives up to its promise of a true 95% Minimum Guarantee by FY 2009.

New Highway Programs Proposed in TEA-LU. In addition to the increased funding levels and promised improvements in the Minimum Guarantee provision, the House T&I Committee leaders also propose to create new federal highway programs in TEA-LU. These new programs, some of which are included in the Minimum Guarantee calculation and some of which are not, each have a specific targeted purpose.

Safety Infrastructure Program: Combines certain, existing safety programs and funds them together at \$7.5 billion over six years

Separate Border and Corridor Programs: No agreement yet reached on how the corridor program will be deployed; \$2 billion formula program for border areas

High-Risk Rural Roads Safety Improvement Program: \$1.5 billion formula program

Freight Intermodal Connectors Program: \$3 billion formula program

Safe Routes to Schools Program: \$250 million a year

Transportation and Active Living Program: \$25 million a year

Projects of National/Regional Significance: \$17.6 billion merit-based discretionary grant program

Congestion Relief: Requires states to use CMAQ & ITS funds to study congestion in urban areas. Possibly a new set-aside requirement.

Dedicated Truck Lanes Program: \$1.5 billion program to fund projects to improve the safe and efficient movement of freight by separating truck traffic

Highways for Life Pilot Program: \$750 million program designed to advance innovative approaches to produce longer-lasting highways

New Transit Programs Proposed in TEA-LU. The House T&I Committee bill also would propose significant changes in the way that federal-aid transit programs are administered, delivered, and funded. Among the changes are the following proposed new programs:

New Freedom Initiative: \$820 million in funding for the Bush Administration's proposal to provide transportation services for the disabled

Small New Starts Program: \$1.35 billion discretionary capital grant program for new fixed guideway systems, including Bus Rapid Transit, and commuter rail projects

Transit Intensive Programs: A \$225 million formula program that rewards communities for use of "intensive transit."

TEA-LU Is Incomplete. At the introduction of the bill, House T&I Committee leaders announced plans to incorporate several remaining, yet important, changes in the bill later in the process. In particular, TEA-LU does not currently include key provisions dealing with

environmental streamlining; planning (committee staff plans to merge highway and transit planning provisions); a modified Revenue Aligned Budget Authority (RABA) mechanism; tolling provisions; Value Pricing/Congestion Pricing; and Design-Build and Public/Private Partnerships. We can expect to see details on these proposed sections when the Congress returns for the 2nd Session of the 108th Congress in January 2004.

Senate Finally Adopts FAA Authorization Bill *Agreement on Privatization Language Sends Aviation Act to President's Desk*



After weeks of gridlock over language dealing with potential privatization of air traffic control activities in the federal airport system, the Senate last week finally approved, by voice vote, the conference report for H.R. 2115, the Federal Aviation Administration reauthorization bill. This four-year, \$60 billion measure is now on its way to President Bush's desk, where he is expected to sign it into law.

The bill (called the VISION 100 - Century of Aviation Reauthorization Act) includes \$14 billion for the Airport Improvement Program and \$2 billion for aviation security screening projects. It also will streamline environmental review of projects to increase airport capacity and improve aviation safety and security. Texas annually receives an estimated \$26 million in federal funds from the Airport Improvement Program for its general aviation and reliever airports. The state's commercial airports also receive federal funding directly from the federal government.

FY 2004 Transportation/Treasury Spending Bill Wrapped into Omnibus *Congress Extends CR through January 31st; Work Continues in December*

Despite the fact that House and Senate conferees approved the \$88.9 billion FY 2004 Transportation-Treasury appropriations bill and hoped to have it approved by both houses of Congress before Thanksgiving as a separate, stand-alone measure, time ran out on the bill and it will now be bundled together with six other annual spending measures into an omnibus spending package for FY 2004.

Congress worked over the weekend trying to resolve the remaining disputes surrounding the various spending measures. To provide more time to complete that effort, the House adopted another Continuing Resolution that will, once approved by the Senate, provide extended funding at FY 2003 levels for the remaining federal programs not yet covered by enacted annual appropriations bills. This includes the federal transportation and treasury programs. This new CR provides funding through January 31, 2004. However, congressional leaders expect to wrap up their annual spending debates during the first week of December.

After the Thanksgiving holiday, Congress will return to Washington to complete their work on an omnibus spending bill, which may include a 1% across-the-board cut to offset spending increases. Congressional leaders and appropriators are ironing out the final issues of contention in the hopes that the first week of December will indeed be the last working week of the first session of the 108th Congress.

The **Federal Flyer** is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 108th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

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